

Group Assurance – Chairman Update - 16 May 2024

Attendees – Nigel Railton, Sarah Gray and Anshu Mathur

1. Group Assurance (GA)

- a. Very small team c 5 FTE (incl 1 loaned and 1 FTC due to end in July) – refer to **Appendix 1**
- b. Formally established in April 2023, but operating from September 2022, to plug a significant gap in second line coverage of key and critical business areas/activities.
- c. Despite being small we have delivered a considerable amount without recourse to incremental expenditure. Our strategy and or plans are captured in:
 - i. Approach to Legacy Assurance – refer to **Appendix 2**
 - ii. Approach to SPMP Integrated Assurance - refer to **Appendix 3**

2. All GA activities are subject to the oversight and challenge of the RCC and ARC

- a. Not SEG?
- b. See current SPMP ARC update for SPMP and Group Assurance Dashboard – **Appendix 4**

3. At request of GGC (and he was 100% right) created a **POL Control Framework** in 2022. This was approved as **Draft** to be implemented on best endeavours – refer to **Appendix 5**

4. Adopted a **tactical** and **heavily manual** approach to Assurance due to the following **gaps**:

- a. No common **universe** definition and or coverage for POL activities (people, process, systems).
- b. Even IA do not have a comprehensive universe and they were not assessing the sustainability and or impacts of the actions implemented for Issue Judgements – **a major cause of divergence between their outcomes and ours!!!**
- c. **SNOW** our GRC tool **cannot be relied upon** for completeness and or accuracy, with a lens of both risks and controls. This view has been communicated to both RCC and ARC.
- d. So what? - We had no choice to **build our own excel based universes**:
 - i. Common Issue Judgement – 365 lines
 - ii. SPMP Integrated Assurance & Risk Universe – 509 lines

NB: I am aware we need to at some point converge all data sets into SNOW, but with ARC approval we are focussing on delivering Assurance in the short/medium term.

5. Assurance Gaps

- a. See **Appendix 6**, which shows the gaps in Compliance coverage and the issues in OD i.e. skewed towards 1 and 1.5 activities and not second line.
- b. To remediate we created a revised TOM with a LCAS focus only and then LCAS and Risk focus. Submitted last year with a plan to commence execution in late 2023, never took off.

Key issues and significant Concerns - All of these are easily fixable

1. Lack of accountability and consequence management

- a. This is the single root cause of all issues in POL.
- b. Assurance outcomes despite showing significant issues have no consequences:
 - CIJ
 - SPMP

2. Closed mindset - Capability and Competence - Low

- a. Lesson of the past at an inherent level are not imbibed in the DNA of POL.
- b. Many seniors have a myopic lens on their role
- c. Many are afraid to make decisions, therefore so many committees
- d. Newly created Leadership Team has excluded line of defence – Most illogical considering lessons of the past and themes arising from the Inquiry

3. Governance

- a. **Entity level** - Exists and operates effectively in terms of cadence and structure i.e. Board and sub Boards.
 - i. That said these lack qualitative input and challenge
 - ii. Key papers lack SME (risk/Control/Assurance) input / opinions
 - iii. Despite POL significant issues, board/ARC seem afraid to intervene or challenge overtly for management to course correct.
 - iv. Senior Management believe ARC alignment/request not necessary.
 - v. DoA – Has not kept up to date with organisational changes and restructures.
- b. **Operational level** – Disparate, illogical and non-existent vs good or even basic practice
 - i. Responsible person is not a SME in this field
 - ii. Committees – Their composition, purpose and lines for exception not defined.
 - Objective challenge missing in key committees – SPMP, Retail
 - iii. RCC – Structurally Flawed – Has no requirements for business areas to reflect and opine on their control environment under the overview of lines of defence.
 - Proposal to restructure RCC provided several times (Refer Appendix), but never executed by Chairs.
 - iv. How decisions are made, and where these are made visible to – unclear
 - v. PM Detriment – No single line of sight
 - vi. No POL Control framework – therefore risk and control awareness and maturity is significantly low – (Budget for creating training was refused.)
 - vii. Lack of integrated Assurance – currently diverged

4. SPMP – Integrated Assurance

- a. Significantly behind – **Appendix 7** – synopsis of external review of IPA and PD
- b. Procurement for external assurance SME underway – top tier, except EY, dropped out.
- c. SPMP lacks capability and forward thinking to execute assurance effectively – we are leaning in heavily.